Quarterly Financial Report

1st QUARTER

Three months ended

May 31,

2010

Manitoba Public Insurance

Management Discussion and Analysis

Management's discussion and analysis provides a review of the financial results and future outlook of Manitoba Public Insurance. It should be read in conjunction with the unaudited financial statements for the first quarter ended May 31, 2010 included herein and the annual audited financial statements and supporting notes included in the corporation's 2009 Annual Report. Certain information in this report may consist of forward-looking statements. These statements are based on various techniques and assumptions including predictions about future events which may not occur. Actual results could deviate significantly from the forward-looking statements.

Goal 1

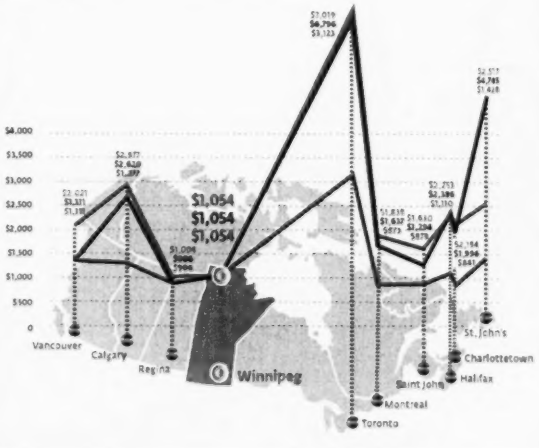
Universally available mandatory protection against the cost of automobile accidents. Rates, on average, will be lower than those charged by private insurance companies for comparable coverage and service.

Why? One reason for our creation was to deliver the best insurance value to Manitobans. This is the essence of our continuing success.

- 21-year-old male, 5 year clean driving record
- 40-year-old couple both with 15-year clean driving records, and 16-year-old son who's accident-free
- 35-year-old couple both with 15-year clean driving records

Rates based on:
2005 Toyota Corolla CE
(4 door, 4 cylinders, 2 wheel drive), $500 All Perils deductible, $2 million third-party liability

Among the lowest rates in Canada

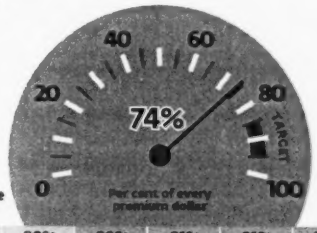


Goal 2

The Basic plan will return at least 85% of premium revenue to Manitobans in the form of claims benefits.

Why? Over the long-term, returns within this range strike the right balance. We pay back to Manitobans substantially more of their premiums than would private insurers, while keeping a sound financial footing.

Premium returned for each dollar earned



Past results for the 12 months ending

93% Q1-08/09	91% Q1-08/09	89% Q4-08/09	89%	91%	91%	86%	74% Q1-10/11

Goal 3

Manitoba Public Insurance will be a leader in automobile insurance and vehicle and driver licensing, providing Manitobans with superior products, coverage and service.

Why? By measuring key performance indicators, we can track the public's view of our performance.

Corporate Performance Index

Past Results

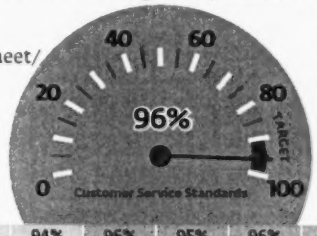
3.7 Q1-08/09	3.7 Q1-08/09	3.7 Q4-08/09	3.8	3.7	3.7	3.7	3.6 Q1-10/11

Goal 4

Manitoba Public Insurance will provide service that is responsive, fair, courteous and convenient. Manitoba Public Insurance will meet customer service standards that are based on customer expectations.

Why? We value our customers and put their interests first. Also, Manitobans expect more from us than from private insurers, because Manitoba Public Insurance is their company. We believe their higher expectations are justified.

Overall, how often do we meet/ exceed standards



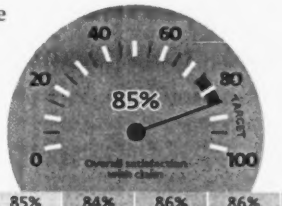
Past Results (in per cent)

94% Q1-08/09	96% Q1-08/09	94% Q4-08/09	96%	95%	96%	96%	96% Q1-10/11

Goal 4 continued

Customer Satisfaction in Major Operational Areas

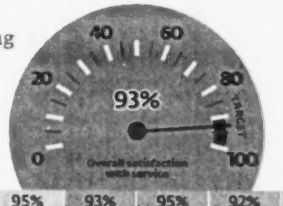
Physical Damage Claims



Past Results (in per cent)

83%	85%	85%	84%	86%	86%	85%	85%
Q2- 08/09	Q3- 08/09	Q4- 08/09	Q1- 09/10	Q2- 09/10	Q3- 09/10	Q4- 09/10	Q1- 10/11

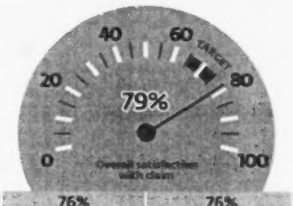
Driver and Vehicle Licensing



Past Results (in per cent)

93%	93%	95%	93%	95%	92%	93%	93%
Q2- 08/09	Q3- 08/09	Q4- 08/09	Q1- 09/10	Q2- 09/10	Q3- 09/10	Q4- 09/10	Q1- 10/11

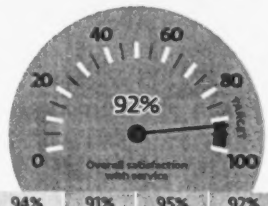
Bodily Injury Claims



Past Results (in per cent)

74%	76%	76%	79%
Q3- 08/09	Q2- 09/10	Q3- 09/10	Q1- 10/11

Insurance Operations Policyholder Transactions



Past Results (in per cent)

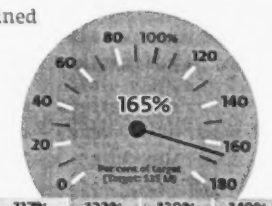
93%	94%	94%	91%	95%	92%	93%	92%
Q2- 08/09	Q3- 08/09	Q4- 08/09	Q1- 09/10	Q2- 09/10	Q3- 09/10	Q4- 09/10	Q1- 10/11

Goal 5

Retained Earnings and Rate Stabilization Reserve will be maintained within established target levels.

Why? Our long-term objective is to break even financially and to be financially self-sufficient. Maintaining the RSR within its target range helps us control rates when claim costs rise substantially. Manitobans deserve stable, affordable premiums over the long term.

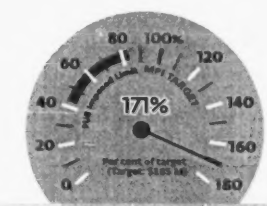
Extension Retained Earnings



Past Results (in per cent)

143%	164%	117%	123%	139%	149%	140%	165%
Q3- 08/09	Q3- 08/09	Q4- 08/09	Q1- 09/10	Q2- 09/10	Q3- 09/10	Q4- 09/10	Q1- 10/11

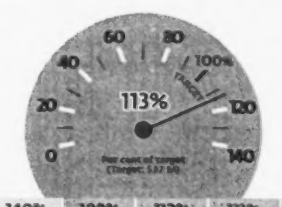
Basic Rate Stabilization Reserve



Past Results (in per cent)

73%	62%	63%	68%	69%	71%	121%	171%
Q2- 08/09	Q3- 08/09	Q4- 08/09	Q1- 09/10	Q2- 09/10	Q3- 09/10	Q4- 09/10	Q1- 10/11

SRE Retained Earnings



Past Results (in per cent)

117%	110%	140%	108%	112%	111%	98%	113%
Q2- 08/09	Q3- 08/09	Q4- 08/09	Q1- 09/10	Q2- 09/10	Q3- 09/10	Q4- 09/10	Q1- 10/11

Goal 6

Manitoba Public Insurance will offer an environment and career opportunities that will encourage employees to strive for excellence. Our people will be treated with respect and fairness and their contributions will be recognized.

Why? We value our employees.

Level of employee satisfaction

Past Results

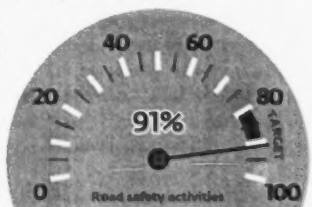
76	76	74
Q2- 06/07	Q4- 07/08	Q4- 09/10

Goal 7

Manitoba Public Insurance will lead driver and vehicle safety initiatives that reduce risk and protect Manitobans, their streets and their neighbourhoods. Manitobans will recognize the Corporation is living its mission.

Why? Pursuing traffic safety and loss-prevention programs reflects our long standing commitment to the well-being of Manitobans and to affordable auto insurance. Manitobans have told us they support these efforts.

Public support for road safety



Past Results (in per cent)

89%	90%	90%	91%
Q2- 08/09	Q4- 08/09	Q2- 09/10	Q4- 09/10

Results of Operations

Manitoba Public Insurance reported net income of $102.9 million for the three months ended May 31, 2010 compared to net income of $12.2 million for the same period last year. This includes net income of $90.8 million (2009 – net income of $7.9 million) from the Basic insurance line of business. Net income increased from the previous year by $90.7 million due to improved underwriting results of $92.6 million offset by a $1.9 million decrease in investment income.

Current Year and Last Year

Total earned revenues for the three months increased from the previous year by $5.2 million. This increase is attributed to motor vehicle earned revenues which increased by $6.9 million or 3.4 per cent due mainly to increases in the number and value of vehicles insured.

Claims costs for the three months ended May 31, 2010 decreased by $85.2 million or 44.7 per cent compared to last year. Bodily injury claims incurred decreased by $78.3 million and physical damage claims incurred fell by $8.2 million. The significant decrease in bodily injury claims incurred is mainly attributable to claims of prior years which declined by $71.0 million due to favourable development (see Financial Statements Note 3) and a rise in interest rates used to discount unpaid claims, which decreased the amount required to meet our long-term claims obligations. The physical damage claims costs decrease is likely related to winter ending earlier and also due to reduced theft costs.

On December 4, 2009, the Public Utilities Board (PUB) released its ruling on the corporation's rate application for the 2010/11 fiscal year. Effective March 1, 2010, overall average Basic insurance rates remain unchanged from the previous year. The ruling means that Manitoba Public Insurance has held the line or reduced auto insurance rates 11 of the last 12 years, without lowering service or reducing coverage.

Retained Earnings

Retained earnings of $461.2 million (2009 - $283.6 million) are comprised of $315.4 million for Basic insurance (2009 - $144.8 million) and $145.8 million for competitive lines (2009 - $138.8 million). The Basic insurance retained earnings are allocated entirely to the Rate Stabilization Reserve and the Competitive Lines retained earnings are allocated to retained earnings of $99.7 million and the Extension Development Fund of $46.1 million.

In the 2005/06 fiscal year, the corporation established the Immobilizer Incentive Fund by appropriating $40.0 million from the Basic Rate Stabilization Reserve (RSR). The fund provided financial assistance for vehicle owners to install electronic immobilizers that meet the Canadian standard, including paying 50 per cent of the cost of the standard installation and providing interest-free financing for the remaining 50 per cent up to five years. In the 2006/07 fiscal year, an additional $10.0 million was appropriated from the RSR to cover 100 per cent of standard installation costs for vehicles most likely to be stolen, regardless of where in Manitoba they were registered. The fund also covered the administrative costs of the program. Last year, during the three months ended May 31, 2009, the $2.0 million remaining in the fund at the beginning of the fiscal year was depleted. The corporation continues to provide the same financial assistance for vehicle owners to install electronic immobilizers that meet the Canadian standard. Program costs incurred are included in net income for the Basic insurance line of business, which is reported in the RSR in the Statement of Retained Earnings.

In addition, the corporation established on March 1, 2007, the Extension Development Fund (EDF), by appropriating retained earnings from the Competitive Lines in excess of the most recent year's target that was established using the Dynamic Capital Adequacy Test. The EDF was established to defray the costs of projects undertaken to maximize the opportunities presented by the 2004 merger of Manitoba Public Insurance and the Division of Driver and Vehicle Licensing. Activity for the three months ended May 31, 2010 has reduced the EDF by $2.2 million to $46.1 million.

Change in Accounting Policy

Effective for fiscal years beginning on or after October 1, 2008 the Accounting Standards Board issued new CICA Handbook Section 3064 *Goodwill and Intangible Assets* which replaced Section 3062 *Goodwill and Other Intangible Assets* and Section 3450 *Research and Development Costs*, and made amendments to Section 1000 *Financial Statement Concepts*. The new Section 3064 and amendments to Section 1000 are effective for MPI's 2009/10 fiscal year and require retroactive application resulting in a restatement of previously reported balances for the quarter ended May 31, 2009.

As a result of adopting the new standard requiring intangible assets to provide an economic return, the Extension Development Fund was decreased by $17,846,000 to $41,579,000 as at February 28, 2009 and by $5,082,000 to $55,899,000 as at May 31, 2009. Operating expenses were increased by $5,082,000, resulting in Corporate net income being restated from $17,280,000 to $12,198,000 and Competitive Lines net income being restated from $9,377,000 to $4,295,000 for the three months ended May 31, 2009.

Outlook

The corporation remains committed to achieving its seven corporate goals. Actual results will be monitored, and corrective actions taken when necessary, to ensure that expected outcomes are realized.

On June 11, 2010, the Corporation released its 2011/12 Basic insurance rate application to the Public Utilities Board (PUB) which includes an overall average Basic insurance rate decrease of 4.0 per cent from 2010/11 rates and proposes a 12.9 per cent premium rebate of 2009/10 premiums, estimated to be $92.2 million.

Current projections indicate the corporation is expected to realize net income of approximately $90.7 million during the current fiscal year.

Statement of Operations
(Unaudited)

	Three months ended May 31, 2010	Three months ended May 31, 2009 (restated)
	(in thousands of dollars)	
Premiums written	$ 261,154	$ 251,801
Total earned revenues	$ 237,392	$ 232,190
Claims costs	105,381	190,532
Expenses	50,754	53,008
Total claims and expenses	156,135	243,540
Underwriting income (loss)	81,257	(11,350)
Investment income	21,621	23,548
Net income	$ 102,878	$ 12,198

Balance Sheet
(Unaudited)

	May 31, 2010	February 28, 2010
	(in thousands of dollars)	
ASSETS		
Cash and investments	$ 2,240,720	$ 2,206,451
Accounts receivable	293,694	289,711
Other assets	292,248	295,389
	$ 2,826,662	$ 2,791,551
LIABILITIES		
Unearned premiums	$ 459,526	$ 449,554
Provision for unpaid claims	1,561,185	1,628,528
Provision for employee current and future benefits	246,695	242,500
Other liabilities	63,475	72,868
	2,330,881	2,393,450
RETAINED EARNINGS		
Basic insurance retained earnings		
Rate stabilization reserve	315,468	224,709
Competitive lines retained earnings		
Retained earnings	99,726	85,389
Extension development fund	46,061	48,279
	145,787	133,668
	461,255	358,377
ACCUMULATED OTHER COMPREHENSIVE INCOME	34,526	39,724
	$ 2,826,662	$ 2,791,551

Statement of Retained Earnings
(Unaudited)

	Three months ended May 31, 2010	2009 (restated)
	(in thousands of dollars)	
BASIC INSURANCE		
Rate Stabilization Reserve		
Balance beginning of period	$ 224,709	$ 134,915
Net income	90,759	7,903
Transfer from Immobilizer Incentive Fund	0	2,021
Balance end of period	315,468	144,839
Immobilizer Incentive Fund		
Balance beginning of period	0	2,021
Transfer to Rate Stabilization Reserve	0	(2,021)
Balance end of period	0	0
Balance Basic Insurance Retained Earnings end of period	315,468	144,839
COMPETITIVE LINES		
Balance beginning of period	85,389	92,918
Net income	12,119	4,294
Transfer from (to) Extension Development Fund	2,218	(14,320)
Balance end of period	99,726	82,893
Extension Development Fund		
Balance beginning of period	48,279	41,579
Transfer from (to) Competitive Lines Retained Earnings	(2,218)	14,320
Balance end of period	46,061	55,899
Balance Competitive Lines Retained Earnings end of period	145,787	138,792
Balance Retained Earnings end of period	$ 461,255	$ 283,631

Statement of Comprehensive Income (Loss)

(Unaudited)

	Three months ended May 31, 2010	Three months ended May 31, 2009 (restated)
	(in thousands of dollars)	
Net income	$ 102,878	$ 12,198
Other Comprehensive Income		
Unrealized gains (losses) on available for sale assets	(2,982)	73,193
Reclassification to income from available for sale assets	(2,216)	5,999
Other Comprehensive Income (Loss) for the period	(5,198)	79,192
Total Comprehensive Income for the period	$ 97,680	$ 91,390

Statement of Accumulated Other Comprehensive Income (Loss)

(Unaudited)

	Three months ended May 31, 2010	Three months ended May 31, 2009
	(in thousands of dollars)	
Balance beginning of period	$ 39,724	$ (117,959)
Other Comprehensive Income (Loss) for the period	(5,198)	79,192
Balance end of period	$ 34,526	$ (38,767)

Statement of Cash Flows
(Unaudited)

	Three months ended May 31, 2010	2009 (restated)
	(in thousands of dollars)	
Cash Flows From (To) Operating Activities		
Net income	$ 102,878	$ 12,198
Non-cash items	(696)	5,520
	102,182	17,718
Net change in non-cash balances	(55,039)	6,998
	47,143	24,716
Cash Flows From (To) Investing Activities	(4,987)	(244,094)
Increase (Decrease) In Cash and Short-term Investments	42,156	(219,378)
Cash and short-term investments beginning of period	92,889	270,822
Cash and Short-term Investments End of Period	$ 135,045	$ 51,444

Notes to Financial Statements

1 Certain of the comparative figures have been reclassified to conform with the current period financial statement presentation.

2 These interim financial statements:
- should be read in conjunction with the corporation's 2009 Annual Report including the financial statements and supporting notes.
- have been prepared following the same accounting policies that are disclosed in the corporation's 2009 Annual Report.

3 The provision for unpaid claims, including adjustment expenses, is subject to variability. This variability is related to future events that arise from the date the loss was reported to the ultimate settlement of the claims. Accordingly, short-tail claims such as physical damage claims tend to be more reasonably predictable than long-tail claims such as Personal Injury Protection Plan and public liability claims. Factors such as the receipt of additional claims information during the claims settlement process, changes in severity and frequencies of claims from historical trends, and effects of inflationary trends contribute to this variability.

The determination of the provision for unpaid claims, including adjustment expenses, relies on judgment, analysis of historical claim trends, investment rates of return and expectation on the future development of claims. The process of establishing this provision necessarily involves risks which could cause the actual results to deviate, perhaps substantially, from the best determinable estimate.

MANITOBA PUBLIC INSURANCE OFFICES

Administrative Offices

Brandon
731-1st Street
R7A 6C3
Head office and Special Risk Extension

Winnipeg
Box 6300
R3C 4A4

Customer Service

Winnipeg
Tel: 985-7000

Outside Winnipeg
(Toll-free)
Tel: 1-800-665-2410

Deaf Access TTY/TDD
Tel: 985-8832

Out-of-Province Claims
Tel: 1-800-661-6051

Service Locations

WINNIPEG

Service Centres
1284 Main Street
R2W 3T3

1103 Pacific Avenue
R3E 1G7

930 St. Mary's Road
R2M 4A8

420 Pembina Highway
R3L 2E9

125 King Edward Street East
R3H 0V9

Driver and Vehicle Licensing Centre
Main Floor
234 Donald Street
R3C 4A4

1006 Nairn Avenue
R2L 0Y2

Enhanced ID Centre
1745 Ellice Avenue

Casualty and Rehabilitation Centre
Box 6300
R3C 4A4
Tel: 985-7200

Rehabilitative Case Management Centre
Box 6300
R3C 4A4
Tel: 985-7200

Bodily Injury and MedEx Centre
Box 6300
R3C 4A4
Tel: 985-7200

Physical Damage Centre
1981 Plessis Road
Box 45064
Regent Postal Outlet
R2C 5C7
Tel: 985-7771

Holding Compound/ Receiving
Tel: 985-7766

Salvage
Tel: 985-7844

Commercial Claims
Tel: 985-7877

ARBORG

Service Centre
323 Sunset Boulevard
Box 418
R0C 0A0

BEAUSEJOUR

Service Centre
848 Park Avenue
Box 100A
R0E 0C0

BRANDON

Service Centre
731-1st Street
R7A 6C3
Includes:
Enhanced ID Centre

DAUPHIN

Service Centre
217 Industrial Road
Box 3000
R7N 2V5

FLIN FLON

Claim Centre
8 Timber Lane
Box 250
R8A 1M9

PORTAGE LA PRAIRIE

Claim Centre
2007 Saskatchewan Avenue West
Box 1150
R1N 3J9

Driver and Vehicle Licensing Centre
Provincial Building
25 Tupper Street North
R1N 3K1

SELKIRK

Claim Centre
630 Sophia Street
R1A 2K1

STEINBACH

Claim Centre
91 North Front Drive
Box 2139
R5G 1N7

Steinbach Service Centre
Clearspring Mall 2
PTH 12
R5G 1T7
Includes:
Injury Claim Services
Enhanced ID Centre

SWAN RIVER

Claim Centre
125-4th Avenue North
Box 1959
R0L 1Z0

THE PAS

Claim Centre
424 Fischer Avenue
Box 9100
R9A 1R5
Includes:
Driver and Vehicle Licensing

THOMPSON

Service Centre
53 Commercial Place
Box 760
R8N 1N5
Includes:
Driver and Vehicle Licensing
Enhanced ID Centre

WINKLER

Service Centre
355 Boundary Trail
Box 1990
R6W 4B7
Includes:
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Box 250
R8A 1M9

PORTAGE LA PRAIRIE

Claim Centre
2007 Saskatchewan Avenue West
Box 1150
R1N 3J9

Driver and Vehicle Licensing Centre
Provincial Building
25 Tupper Street North
R1N 3K1

SELKIRK

Claim Centre
630 Sophia Street
R1A 2K1

STEINBACH

Claim Centre
91 North Front Drive
Box 2139
R5G 1N7

Steinbach Service Centre
Clearspring Mall 2
PTH 12
R5G 1T7
Includes:
Injury Claim Services
Enhanced ID Centre

SWAN RIVER

Claim Centre
125-4th Avenue North
Box 1959
R0L 1Z0

THE PAS

Claim Centre
424 Fischer Avenue
Box 9100
R9A 1R5
Includes:
Driver and Vehicle Licensing

THOMPSON

Service Centre
53 Commercial Place
Box 760
R8N 1N5
Includes:
Driver and Vehicle Licensing
Enhanced ID Centre

WINKLER

Service Centre
355 Boundary Trail
Box 1990
R6W 4B7
Includes:
Driver and Vehicle Licensing
Enhanced ID Centre

Manitoba
Public Insurance

For more information contact:

Manitoba Public Insurance
Corporate Communications
Room 820, 234 Donald Street
P.O. Box 6300
Winnipeg, MB R3C 4A4